

Relais Group Oyj

Consumer Goods
Finland

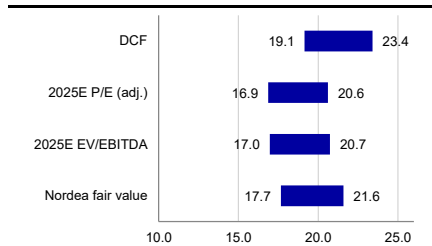
KEY DATA

Stock country	Finland
Bloomberg	RELAIS.FH
Reuters	RELAIS.HE
Share price (close)	EUR 12.50
Free float	36%
Market cap. (bn)	EUR 0.23/EUR 0.23
Website	www.relais.fi
Next report date	13 Feb 2025

PERFORMANCE



VALUATION APPROACH (EUR/SHARE)



ESTIMATE CHANGES

Year	2024E	2025E	2026E
Sales	0%	0%	0%
EBIT (adj)	-1%	0%	0%

Source: Nordea estimates

Nordea IB & Equity - Analysts

Joni Sandvall
Analyst

Sanna Perälä
Analyst

Warm winter could weigh on Q4 margins

Ahead of Relais' Q4 report, we take a slightly more cautious view on Q4 margins given the warm winter in the Nordics. Traffic observations from Finland point to stable end demand in repair and maintenance, while focus is clearly on the sale of lighting products after some sales were shifted from Q3. We note an increasing average age of cars in Finland, which could support Relais' sales development in coming years. Following an increase in peer multiples, our DCF- and multiples-based fair value range is lifted to EUR 17.7-21.6 (16.6-20.3).

Q4 to benefit from shift of sales

The lighting season started one to two weeks later in 2024, shifting higher-margin sales to Q4. However, the warm start to the winter likely had some adverse impact on spare parts sales and could continue to burden these sales also in Q1 2025. Relais' repair and maintenance business accounts for roughly a third of its sales. Based on traffic observations from Finland, heavy traffic volumes were up 1% y/y in Q4, indicating stable end-market demand. We believe the company continues to benefit from a slightly growing market share within larger fleet customers. Lastly, we point to an expected low tax rate, which supports EPS development in Q4.

We trim our 2024 estimates – tough Q1 comps

We trim our top-line and adjusted EBITA estimates for Q4 by 2-3% owing to the warm weather likely having had an adverse impact on electric spare parts sales. We note continued warm conditions also in Q1, which comes against tough comps in Q1 and partly also in Q2 last year. We are 3% below low-quality LSEG consensus on adjusted EBITA for Q4E. We do not expect the company to issue guidance for 2025, though we note Relais' pro forma comparable EBITA target of EUR 50m by the end of 2025. We do not include any unannounced M&A in our estimates and we model EUR 41m adjusted EBITA for 2025. To our understanding, Relais has a healthy M&A pipeline while we note still slightly elevated leverage, which leads us to believe that the company could use equity type financing for any potential larger acquisition in 2025.

We raise our fair value range to EUR 17.7-21.6

We raise our DCF- and multiples-based fair value range to EUR 17.7-21.6 (16.6-20.3), driven by higher peer multiples. Relais is trading at 2025E EV/EBIT of 19x, ~40% below our weighted peer group (70% weight on auto parts peers and 30% weight on Swedish compounders).

SUMMARY TABLE - KEY FIGURES

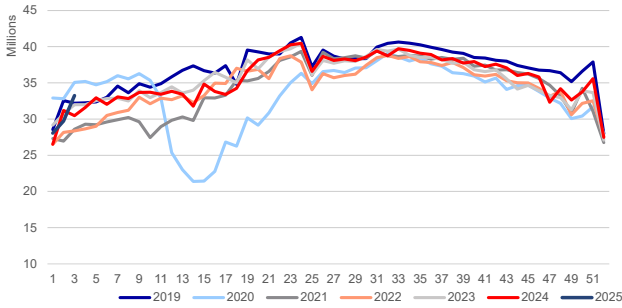
EURm	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	129	238	261	284	319	335	346
EBITDA (adj)	19	39	39	44	51	56	61
EBIT (adj)	11	26	22	25	33	37	42
EBIT (adj) margin	8.6%	10.8%	8.6%	9.0%	10.3%	11.1%	12.0%
EPS (adj, EUR)	0.39	0.91	0.69	0.75	0.98	1.25	1.48
EPS (adj) growth	31.5%	133.9%	-24.2%	8.8%	31.1%	27.5%	18.8%
DPS (ord, EUR)	0.30	0.36	0.40	0.44	0.48	0.52	0.60
EV/Sales	2.3	2.7	1.3	1.4	1.2	1.1	1.0
EV/EBIT (adj)	26.3	24.6	14.9	15.8	11.7	10.0	8.5
P/E (adj)	37.9	29.0	14.8	18.1	12.8	10.0	8.4
P/BV	3.7	4.8	1.8	2.3	1.9	1.7	1.5
Dividend yield (ord)	2.0%	1.4%	3.9%	3.3%	3.8%	4.2%	4.8%
FCF Yield bef A&D, lease	6.0%	0.5%	7.5%	5.3%	5.4%	9.3%	11.5%
Net debt	28	140	143	149	150	137	119
Net debt/EBITDA	1.5	3.9	3.9	3.4	2.9	2.4	2.0
ROIC after tax	8.6%	11.5%	7.0%	7.7%	9.8%	11.1%	12.3%

Source: Company data and Nordea estimates

Q4 expectations and revisions

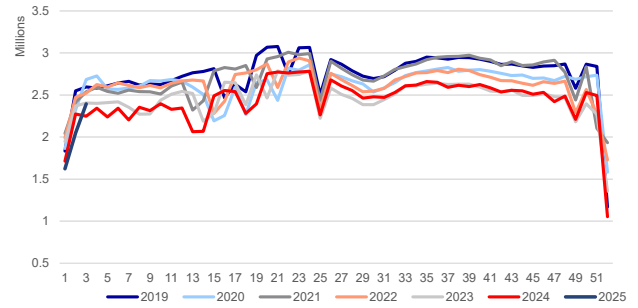
Weekly traffic observations from Finland point to stable end-market demand for Relais' repair and maintenance business with heavy traffic up 1% y/y in Q4 (light vehicle traffic up 3% y/y).

WEEKLY TRAFFIC OBSERVATIONS IN FINLAND, LIGHT VEHICLES (ON COMPARABLE BASIS)



Source: Fintraffic and Nordea

WEEKLY TRAFFIC OBSERVATIONS IN FINLAND, HEAVY VEHICLES (ON COMPARABLE BASIS)

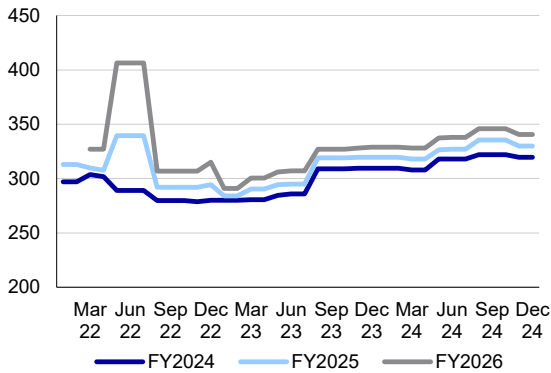


Source: Fintraffic and Nordea

Consensus estimates

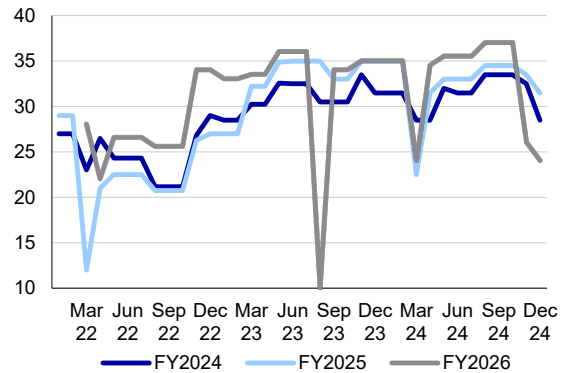
Relais will report its Q4 on 13 February. Consensus expectations have been slightly downgrade the since Q3 report, which was affected by shifts due to weather conditions.

CONSENSUS: SALES (EURm)



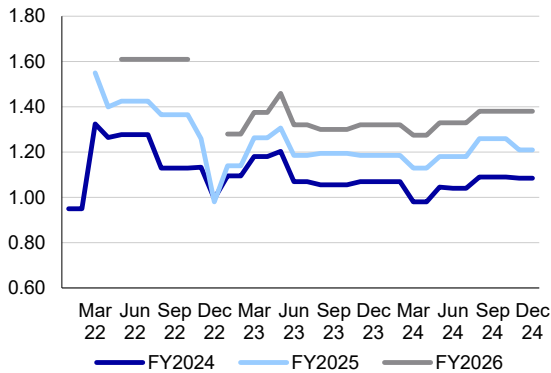
Source: LSEG Data & Analytics

CONSENSUS: EBIT (EURm)



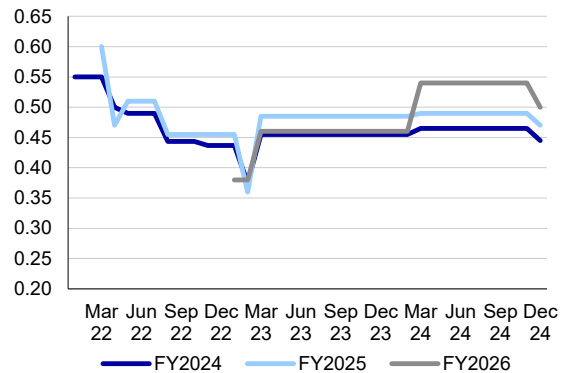
Source: LSEG Data & Analytics

CONSENSUS: EPS (EUR)



Source: LSEG Data & Analytics

CONSENSUS: DPS (EUR)



Source: LSEG Data & Analytics

Estimate revisions

We leave our 2025-26 estimates largely intact while we take a slightly more cautious view on Q4 due to the warm start to the winter season.

ESTIMATE REVISIONS (EURm; EPS AND DPS IN EUR)

EURm	New estimates				Old estimates				Difference %			
	Q4 2024E	2024E	2025E	2026E	Q4 2024E	2024E	2025E	2026E	Q4 2024E	2024E	2025E	2026E
Sales	86.8	319	335	346	88.3	320	335	346	-2%	0%	0%	0%
Gross profit	39.8	149	158	164	40.5	150	158	164	-2%	-1%	0%	0%
Gross margin	45.8%	46.9%	47.1%	47.3%	45.9%	46.9%	47.2%	47.4%	-0.1pp	0.0pp	-0.1pp	-0.1pp
Adj. EBITA	9.6	35.8	40.5	44.9	9.9	36.1	40.2	44.5	-3%	-1%	1%	1%
Adj. EBITA margin	11.0%	11.2%	12.1%	13.0%	11.3%	11.3%	12.0%	12.9%	-0.2pp	-0.1pp	0.1pp	0.1pp
EBITA	9.6	35.7	40.5	44.9	9.9	36.1	40.2	44.5	-3%	-1%	1%	1%
EBITA margin	11.0%	11.2%	12.1%	13.0%	11.3%	11.3%	12.0%	12.9%	-0.2pp	-0.1pp	0.1pp	0.1pp
EBIT	8.8	32.8	37.2	41.5	9.2	33.1	37.2	41.5	-4%	-1%	0%	0%
EBIT margin	10.1%	10.3%	11.1%	12.0%	10.4%	10.3%	11.1%	12.0%	-0.2pp	-0.1pp	0.0pp	0.0pp
PTP	7.1	24.3	31.0	36.2	7.5	24.7	30.4	35.6	-5%	-1%	2%	2%
EPS	0.35	0.98	1.25	1.48	0.36	0.99	1.25	1.47	-4%	-2%	0%	1%
DPS		0.48	0.52	0.60		0.48	0.52	0.60		0%	0%	0%

Source: Nordea estimates

Valuation

We value Relais using a variety of methods, including a peer multiples-based valuation and a discounted cash flow (DCF) model. We only include organic growth potential in our valuation approach and exclude any impact from potential future M&A. Using a combination of valuation methods, we derive a higher fair valuation range of EUR 17.7-21.6 (16.6-20.3) per share.

Background

Our valuation does not include M&A

We acknowledge the company's ambition to continue growing at an accelerated pace, which includes a significant M&A component. However, because the potential targets, their sizes and fundamentals are unknown, we refrain from including any speculative M&A in our estimates.

We use a range of valuation methods to derive a fair value for Relais. In our analysis, we compare the company to a group of peers that we consider relevant, using valuation multiples such as EV/EBITDA and P/E. We also use a standard DCF model. The table below shows the peer group.

PEER VALUATION TABLE

	EV / Sales			EV / EBITDA			EV/EBIT			P/E		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Peer group												
Advance Auto Parts Inc	0.4x	0.5x	0.5x	11.5x	8.9x	7.3x	61.6x	21.1x	14.1x		28.4	15.0
Auto Partner Sa	0.6x	0.5x	0.5x	7.8x	6.4x	5.4x	9.2x	7.5x	6.4x	10.4	8.9	7.1
Autozone Inc	3.7x	3.4x	3.2x	16.0x	14.7x	13.8x	18.3x	17.0x	15.9x	23.9	21.5	19.1
Inter Cars Sa	0.6x	0.5x	0.5x	8.5x	7.8x	7.0x	10.2x	9.3x	8.5x	10.9	9.8	8.6
Camping World Holdings Inc	0.8x	0.7x	0.7x	27.0x	14.2x	11.5x	27.8x	14.4x	11.7x		22.9	13.4
Dometic Group Ab (Publ)	1.2x	1.2x	1.1x	9.3x	7.9x	6.7x	25.2x	11.5x	9.5x	14.8	11.4	8.3
Halfords Group Plc	0.3x	0.3x	0.3x	3.1x	3.3x	3.2x	9.9x	13.7x	13.2x	9.9	13.0	11.3
Meko Ab	0.6x	0.6x	0.6x	6.3x	6.0x	5.7x	11.5x	10.5x	9.5x	10.3	9.2	8.0
O'Reilly Automotive Inc	4.6x	4.4x	4.1x	20.5x	19.5x	18.1x	24.0x	22.0x	20.5x	30.4	27.6	24.5
Thule Group Ab	4.1x	3.4x	3.1x	21.4x	14.9x	13.7x	24.7x	17.1x	15.5x	33.0	23.2	20.8
Peer group average	1.7x	1.6x	1.5x	13.1x	10.4x	9.2x	22.2x	14.4x	12.5x	18.0	17.6	13.6
Peer group median	0.7x	0.7x	0.6x	10.4x	8.4x	7.2x	21.2x	14.0x	12.4x	12.9x	17.3x	12.4
US peers' average	2.4x	2.2x	2.1x	18.7x	14.3x	12.7x	32.9x	18.6x	15.5x	27.1x	25.1x	18.0x
European peers' average	1.2x	1.1x	1.0x	9.4x	7.7x	6.9x	15.1x	11.6x	10.4x	14.9x	12.6x	10.7x
Relais (Nordea)	1.2x	1.1x	1.0x	7.5x	6.6x	5.8x	11.6x	9.9x	8.5x	13.1x	10.2x	8.6x
difference to median	67%	64%	59%	-28%	-22%	-20%	-45%	-29%	-32%	2%	-41%	-30%
Compounders												
Addtech Ab	4.5	3.9	3.8	27.6	24.3	22.6	36.9	31.9	29.1	53.2	45.9	40.6
Bergman & Beving Ab	2.1	2.0	1.9	15.4	13.6	12.3	27.2	22.1	20.1	44.6	33.1	27.6
Beijer Alma Ab	1.7	1.5	1.4	8.7	8.7	8.2	11.5	11.9	11.0	15.0	15.9	13.4
Beijer Ref Ab (Publ)	2.2	2.0	1.8	17.2	15.3	14.0	21.6	18.9	17.3	36.9	30.3	26.9
Bufab Ab (Publ)	2.5	2.3	2.2	17.7	15.8	14.3	21.9	19.5	17.4	31.3	25.1	21.4
Indutrade Ab	3.6	3.4	3.3	20.9	19.4	18.2	28.4	26.1	24.1	37.0	32.8	29.5
Lagercrantz Group Ab	5.8	5.0	4.6	27.7	23.3	21.2	37.6	32.4	28.7	51.8	46.3	39.2
Lifco Ab (Publ)	6.0	5.5	5.2	24.5	22.0	20.3	32.3	28.6	26.1	45.6	42.8	39.3
Sdiptech Ab (Publ)	2.4	2.2	2.0	10.2	9.1	8.1	14.2	12.9	11.6	20.2	16.8	14.0
Volati Ab	1.4	1.3	1.2	12.6	10.1	9.3	20.1	14.5	12.7	27.7	16.1	13.3
Compounders average	3.2	2.9	2.7	18.3	16.1	14.9	25.2	21.9	19.8	36.3	30.5	26.5
Compounders median	2.5	2.3	2.1	17.4	15.5	14.2	24.6	20.8	18.8	37.0	31.6	27.2
Total average	2.5	2.2	2.1	15.7	13.2	12.0	23.7	18.1	16.1	28.2	24.0	20.1
Total median	2.2	2.0	1.8	15.7	13.9	11.9	23.0	17.0	14.8	29.0	23.0	17.0
Total average (70%/30%)	2.2	2.0	1.8	14.7	12.1	10.9	23.1	16.6	14.7	23.5	21.5	17.5
Total median (70%/30%)	1.2	1.1	1.1	12.5	10.5	9.3	22.2	16.1	14.3	20.1	21.6	16.8
Relais (Nordea)	1.2	1.1	1.0	7.5	6.6	5.8	11.6	9.9	8.5	13.1	10.2	8.6
difference to weighted median	-3%	-4%	-5%	-40%	-38%	-38%	-48%	-38%	-41%	-35%	-52%	-49%

Source: LSEG Data & Analytics (as of 22 January 2025) and Nordea estimates

EV/EBITDA-based valuation of EUR 17.0-20.7 per share

Based on our EUR 56m EBITDA estimate for 2025 and an accepted valuation multiple range of 7.9-9.1x (midpoint: 8.5x), we arrive at a fair value range of EUR 17.0-20.7 per share for Relais. In addition to auto parts peers, we believe that one should look at Swedish compounders when valuing Relais. Using a 70% weight for the auto parts peer group and a 30% weight for the compounder peer group, the median EV/EBITDA would be 10.5x for 2025E.

P/E-based valuation of EUR 16.9-20.6 per share

Using a EUR 1.25 EPS estimate for 2025, we arrive at a fair value range of EUR 16.9-20.6 per share using P/E multiples of 13.5-16.5x (midpoint: 14.5x). Using a 70% weight for the auto parts peer group and a 30% weight for the compounder peer group, the median P/E would be 21.6x for 2025E.

DCF-based valuation of EUR 19.1-23.4 per share

In our DCF model, we value Relais based on the current business, assuming no additional value-adding acquisitions. We also assume a sales CAGR of 3.5% for 2024-29, followed by a 2.5% CAGR in perpetuity, meaning that organic growth is roughly the same as the average rate of inflation. We also assume that Relais will gradually improve its profitability level and maintain an adjusted EBIT margin of 13.0% in the long run. We use a 4% cost of debt in our DCF model. We also assign a long-term equity weight of 60%.

WACC COMPONENTS	
WACC components	
Risk-free interest rate	3.5%
Market risk premium	4.0%
Forward looking asset beta	nm
Beta debt	0.1
Forward looking equity beta	1.6-2.1
Cost of equity	9.8-11.8%
Cost of debt	4.0%
Tax-rate used in WACC	21%
Equity weight	60%
WACC	7.1-8.4%

Source: Nordea estimates

DCF VALUATION (EUR)		
DCF value	Value	Per share
NPV FCFF	472-553	24.8-29.1
(Net debt)	-149	-7.9
Market value of associates	0	0.0
(Market value of minorities)	0	0.0
Surplus values	0	0.0
(Market value preference shares)	0	0.0
Share based adjustments	0	0.0
Other adjustments	0	0.0
Time value	42	2.2
DCF Value	364-445	19.1-23.4

Source: Nordea estimates

DCF ASSUMPTIONS

Averages and assumptions	2024-29	2030-34	2035-39	2040-44	2045-49	2050-54	Sust.
Sales growth, CAGR	3.5%	2.5%	2.5%	2.5%	2.5%	2.5%	
EBIT-margin, excluding associates	12.1%	13.0%	13.0%	13.0%	13.0%	13.0%	4.8%
Capex/depreciation, x	0.9	1.0	1.0	1.0	1.0	1.0	1.0
Capex/sales	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
NWC/sales	23%	23%	23%	23%	23%	23%	23%
FCFF, CAGR	22.2%	2.2%	2.5%	2.5%	2.5%	-20.0%	2.5%

Source: Nordea estimates

DCF valuation sensitivity

To test the robustness of our base-case scenario, we perform a sensitivity analysis by varying our EBIT margin, sales growth and WACC assumptions. The DCF-derived fair value is especially sensitive to WACC assumptions, implying that changes in the company's risk profile could significantly impact the fair value in either direction.

When we use sensitivities of ± 0.5 pp for WACC, ± 0.5 pp for sales growth and ± 0.5 pp for the EBIT margin, our DCF model yields a value range of EUR 17.8-24.0 per share.

SENSITIVITY OF OUR DCF MODEL (EUR/SHARE)

		WACC				
		6.7%	7.2%	7.7%	8.2%	8.7%
EBIT margin change	+1.0pp	29.0	26.0	23.4	21.2	19.2
	+0.5pp	27.6	24.8	22.3	20.2	18.4
		26.2	23.6	21.3	19.3	17.6
	-0.5pp	24.8	22.3	20.2	18.4	16.7
	-1.0pp	23.4	21.1	19.2	17.4	15.9

- A +/-1pp sales growth change translates into a change of +9/-7% in the fair value

		WACC				
		6.7%	7.2%	7.7%	8.2%	8.7%
Sales growth change	+1.0pp	28.7	25.7	23.1	20.9	18.9
	+0.5pp	27.4	24.6	22.1	20.1	18.2
		26.2	23.6	21.3	19.3	17.6
	-0.5pp	25.1	22.6	20.5	18.6	17.0
	-1.0pp	24.1	21.7	19.7	17.9	16.4

- A +/- 1pp EBIT margin change translates into a change of ±10% in the fair value

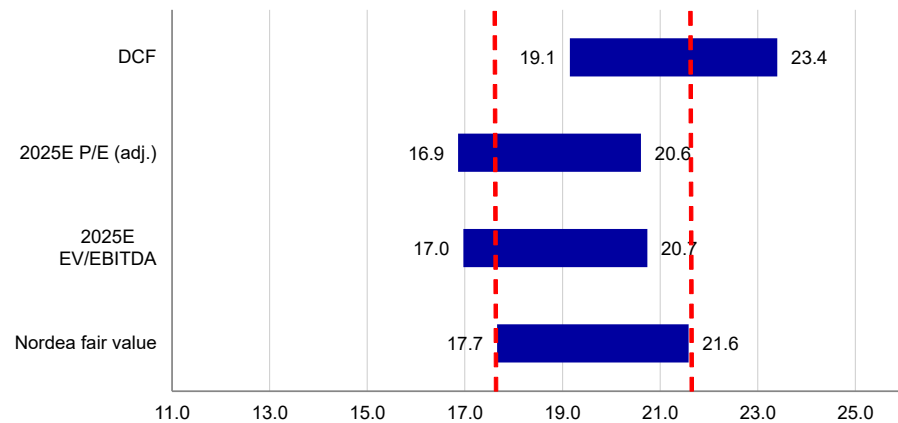
		Sales growth change				
		-1.0pp	-0.5pp		+0.5pp	+1.0pp
EBIT margin change	+1.0pp	21.6	22.4	23.4	24.4	25.5
	+0.5pp	20.6	21.4	22.3	23.3	24.3
		19.7	20.5	21.3	22.1	23.1
	-0.5pp	18.8	19.5	20.2	21.0	21.9
	-1.0pp	17.9	18.5	19.2	19.9	20.7

Source: Nordea estimates

Valuation conclusion

Assuming that Relais can deliver revenue growth and an operating profit margin in line with our expectations, we estimate a fair value range of EUR 17.7-21.6 per share based on our different valuation approaches. This range is represented by the red lines in the chart below.

VALUATION RANGE (EUR/SHARE)



Source: Nordea estimates

Detailed estimates

DETAILED QUARTERLY ESTIMATES (EURm; EPS IN EUR)												
EURm	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24E
Net sales	62	59	65	75	69	64	70	81	83	74	75	87
Sales growth	16%	13%	10%	2%	11%	9%	8%	8%	20%	16%	7%	7%
of which organic	-9%	-2%	0%	-5%	5%	10%	5%	1%	12%	5%	-3%	3%
of which FX	-2%	-2%	-2%	-2%	-3%	-5%	-5%	-2%	0%	0%	0%	0%
of which structural	27%	16%	12%	10%	9%	4%	9%	9%	9%	11%	10%	4%
Other operating income	0.7	0.8	0.6	0.7	0.6	0.7	0.5	0.8	0.6	1.1	0.5	0.7
Materials and services	-34	-32	-36	-42	-37	-35	-38	-46	-45	-39	-39	-47
Gross profit	28.1	26.6	28.8	33.7	32.1	29.3	32.3	35.3	38.2	35.4	36.0	39.8
Gross margin %	45.3%	45.4%	44.4%	44.8%	46.5%	45.7%	45.9%	43.6%	46.2%	47.7%	48.1%	45.8%
Staff costs	-14	-14	-12	-15	-14	-15	-14	-16	-17	-17	-17	-18
Other operating costs	-6	-6	-6	-10	-7	-7	-7	-8	-8	-8	-7	-9
EBITDA	8.9	6.6	11.1	10.1	11.1	8.6	12.1	11.7	13.5	11.1	13.0	13.5
EBITDA margin %	14.3%	11.2%	17.1%	13.4%	16.1%	13.4%	17.3%	14.5%	16.3%	14.9%	17.4%	15.5%
D&A	-3.9	-4.0	-4.3	-4.8	-4.5	-4.6	-4.6	-4.8	-4.5	-4.5	-4.6	-4.7
of which depreciations	-3.1	-3.2	-3.4	-3.9	-3.6	-3.8	-3.7	-3.9	-3.8	-3.8	-3.9	-3.9
of which amortizations	-0.8	-0.8	-0.9	-0.9	-0.9	-0.8	-0.8	-0.8	-0.7	-0.7	-0.7	-0.8
EBITA	5.7	3.4	7.7	6.2	7.5	4.8	8.4	7.8	9.7	7.3	9.1	9.6
NRI	-0.5	-0.4	-0.3	-1.7	-0.1	0.0	-0.2	0.0	0.0	0.0	0.0	0.0
Adj. EBITA	6.2	3.8	7.9	7.9	7.6	4.8	8.6	7.8	9.7	7.3	9.2	9.6
Adj. EBITA margin %	10.0%	6.5%	12.3%	10.5%	11.0%	7.5%	12.2%	9.6%	11.7%	9.9%	12.2%	11.0%
-growth y/y	-7%	-19%	-4%	-9%	23%	27%	8%	-1%	27%	52%	7%	23%
EBIT	5.0	2.6	6.8	5.3	6.6	4.0	7.6	7.0	9.0	6.6	8.4	8.8
EBIT margin %	8.0%	4.4%	10.5%	7.1%	9.6%	6.2%	10.8%	8.6%	10.8%	8.9%	11.2%	10.1%
Net financials	-1.2	-1.9	-1.7	-1.6	-2.2	-2.8	-1.6	-0.9	-3.1	-1.7	-1.9	-1.7
PTP	3.8	0.7	5.1	3.7	4.5	1.1	6.0	6.1	5.8	4.9	6.5	7.1
Tax	-1.1	-0.7	-1.4	0.1	-1.6	-1.0	-1.7	0.2	-2.0	-1.6	-1.9	-0.6
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit for equity	2.7	0.0	3.7	3.7	2.9	0.2	4.3	6.3	3.9	3.3	4.6	6.6
Net profit	2.7	0.0	3.7	3.7	2.9	0.2	4.3	6.3	3.9	3.3	4.6	6.6
EPS (undiluted)	0.15	0.00	0.21	0.21	0.16	0.01	0.24	0.35	0.21	0.18	0.26	0.36

Source: Company data and Nordea estimates

DETAILED ANNUAL ESTIMATES (EURm; DPS AND EPS IN EUR)

EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Net sales	99	129	238	261	284	319	335	346
Sales growth	37%	30%	84%	10%	9%	12%	5%	4%
of which organic	2%	3%	9%	-4%	5%	4%	4%	4%
of which FX	-1%	1%	2%	-2%	-4%	0%	0%	0%
of which structural	36%	27%	74%	15%	8%	8%	2%	0%
Other operating income	0.5	1.0	3.1	2.8	2.7	2.9	3.4	3.5
Materials and services	-66	-84	-138	-143	-155	-169	-177	-183
Gross profit	33.1	45.0	99.6	117.2	128.9	149.4	157.6	163.8
Gross margin %	33.4%	34.9%	41.9%	45.0%	45.4%	46.9%	47.1%	47.3%
Staff costs	-12	-17	-47	-55	-59	-69	-72	-74
Other operating costs	-8	-10	-20	-28	-29	-32	-32	-32
EBITDA	13.3	19.1	36.0	36.6	43.5	51.1	56.3	60.8
EBITDA margin %	13.5%	14.8%	15.1%	14.0%	15.3%	16.0%	16.8%	17.6%
D&A	-5.5	-8.0	-13.0	-16.9	-18.4	-18.3	-19.1	-19.3
of which depreciations	-0.4	-0.4	-10.3	-13.6	-15.0	-15.3	-15.8	-15.9
of which amortizations	-5.1	-7.6	-2.7	-3.3	-3.4	-3.0	-3.3	-3.4
EBITA	13.0	18.7	25.7	23.0	28.5	35.7	40.5	44.9
NRI	0.0	0.0	-2.6	-2.8	-0.3	0.0	0.0	0.0
Adj. EBITA	13.0	18.7	28.3	25.8	28.8	35.8	40.5	44.9
Adj. EBITA margin %	13.1%	14.5%	11.9%	9.9%	10.1%	11.2%	12.1%	13.0%
-growth y/y	55%	44%	56%	-12%	12%	24%	13%	11%
EBIT	7.9	11.1	23.0	19.6	25.1	32.8	37.2	41.5
EBIT margin %	7.9%	8.6%	9.7%	7.5%	8.8%	10.3%	11.1%	12.0%
Net financials	-5.4	-0.7	-4.6	-6.5	-7.4	-8.4	-6.2	-5.3
PTP	2.5	10.4	18.5	13.2	17.7	24.3	31.0	36.2
Tax	-1.9	-3.4	-4.1	-3.1	-4.0	-6.0	-7.6	-8.3
Minority interest	-0.2	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
Net profit for equity	0.4	6.9	14.3	10.1	13.7	18.4	23.5	27.9
Net profit	0.6	7.0	14.4	10.1	13.7	18.4	23.5	27.9
EPS (undiluted)	0.03	0.41	0.80	0.56	0.76	1.01	1.29	1.54
DPS	0.10	0.30	0.36	0.40	0.44	0.48	0.52	0.60

Note: According to IFRS accounting from 2021 onwards, 2019-20 according to the Finnish Accounting Standard

Source: Company data and Nordea estimates

Risk factors

Below, we list the main risk factors that we find relevant for Relais Group. The purpose of this is not to provide a comprehensive picture of all the risks that the company may face, but instead to highlight those that we find the most relevant. The main risks we identify relate to the general economy in the Nordics, car spare parts sales and the vehicle service business. After the COVID-19 pandemic, the company is facing a tougher environment for B2C, mainly due to lower consumer confidence and high inflation.

A sluggish economy could negatively affect car service and spare parts sales	<p>General economy</p> <p>The car service industry is to some extent dependent on the general economy. In times of strong economic activity, people are more inclined to spend money on car service and upgrades. Typically, unemployment rates decrease at such times, which also increases consumers' disposable income.</p> <p>Despite the improved COVID-19 situation, the outlook for Nordic economies has suffered from geopolitical tensions. If people start cutting back on car service spending and/or postpone servicing their cars, Relais could see a negative impact on its sales and earnings. After recent acquisitions, Relais is also more dependent on commercial vehicles and related services, which could be affected if economic activity deteriorates. Recent additions to the service business should improve business predictability, although with lower seasonality.</p>
Competitors consolidating the market could hamper Relais' growth prospects	<p>Increasing competition</p> <p>The auto parts market is still very fragmented. If other players take a more active role in market consolidation, this could hurt the sales prospects for Relais and profitability if competitors become more aggressive on pricing.</p>
Disturbances by suppliers may affect product availability	<p>Dependence on suppliers</p> <p>As Relais imports its goods and does not produce spare parts or equipment itself, the company could be severely affected if its suppliers cannot deliver products as agreed or if the quality of products decreases significantly.</p> <p>The coronavirus pandemic created supply-side problems and extra freight costs, which have not been resolved yet. A prolonged situation could hamper demand for Relais' spare parts and equipment.</p>
If not executed well, high M&A activity may increase costs	<p>Risks related to expansion</p> <p>Relais' ambitions to grow quickly do not come without costs, investments and risks. M&A could increase costs temporarily, but also in the long term if acquisitions fail or integration is executed poorly. Hence, it is important for the company to maintain good cost control and clear M&A execution plans, so as not to hamper earnings.</p>
Key employees leaving could lead to the loss of clients	<p>Dependence on key employees</p> <p>Relais depends heavily on the efforts of its management team and the board of directors. These key persons have substantial knowledge of running listed companies as well as broad sector knowledge. Should these people leave, it could take some time to find replacements. If key employees join a competitor or start a competing business, this could significantly hamper Relais' business, leading to the loss of clients or even suppliers. Also, because Relais does not fully integrate acquired companies, its dependence on acquired key employees is high. Should Relais fail to incentivise employees in the acquired companies, this could directly impact sales and earnings.</p>
A share issue could dilute current shareholders' ownership	<p>Financial position</p> <p>Relais has high growth ambitions, hence we do not rule out the need for additional equity to support future M&A activity. An equity issue could dilute the current shareholders' ownership.</p>

A significant writedown of goodwill could worsen its financial position

Substantial amount of intangible assets

Due to M&A, Relais has accumulated significant goodwill on its balance sheet. If a future test shows a considerable decline in the value of goodwill, this could have a huge impact on the balance sheet and earnings. A weakening balance sheet could limit the potential for new financing and thus have a negative impact on future M&A and operations.

Tech failures could put Relais in a disadvantageous position

IT systems

Relais depends on its IT systems, and any disruption to these could affect the company's daily business, costs and reputation. Slow adoption of or adaptation to new technology could leave Relais in a disadvantageous position versus its competitors.

Reported numbers and forecasts

INCOME STATEMENT

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	59	60	72	99	129	238	261	284	319	335	346
Revenue growth	9.1%	2.6%	19.9%	36.6%	30.3%	84.5%	9.6%	9.0%	12.1%	5.0%	3.5%
of which organic	9.5%	-0.8%	9.5%	2.0%	3.0%	9.1%	-4.1%	5.0%	4.1%	3.6%	3.5%
of which FX	0.0%	0.0%	0.0%	-1.1%	0.7%	1.5%	-2.0%	-3.7%	-0.2%	-0.3%	0.0%
EBITDA	9	8	9	13	19	36	37	44	51	56	61
Depreciation and impairments PPE	0	0	0	0	0	-10	-14	-15	-15	-16	-16
of which leased assets	0	0	0	0	0	-7	-9	-13	-13	-13	-14
EBITA	9	8	8	13	19	26	23	29	36	41	45
Amortisation and impairments	-2	-2	-3	-5	-8	-3	-3	-3	-3	-3	-3
EBIT	7	6	6	8	11	23	20	25	33	37	42
of which associates	0	0	0	0	0	0	0	0	0	0	0
Associates excluded from EBIT	0	0	0	0	0	0	0	0	0	0	0
Net financials	-1	-1	-1	-5	-1	-5	-6	-7	-8	-6	-5
of which lease interest	0	0	0	0	0	0	0	0	0	0	0
Changes in value, net	-2	0	0	0	0	0	0	0	0	0	0
Pre-tax profit	4	5	5	2	10	18	13	18	24	31	36
Reported taxes	-1	-1	-2	-2	-3	-4	-3	-4	-6	-8	-8
Net profit from continued operations	3	4	3	1	7	14	10	14	18	23	28
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	-1	0	0	0	0	0	0	0	0	0	0
Net profit to equity	2	4	3	0	7	14	10	14	18	23	28
EPS, EUR	0.22	0.42	0.34	0.03	0.39	0.77	0.54	0.73	0.98	1.25	1.48
DPS, EUR	0.00	0.00	0.00	0.10	0.30	0.36	0.40	0.44	0.48	0.52	0.60
of which ordinary	0.00	0.00	0.00	0.10	0.30	0.36	0.40	0.44	0.48	0.52	0.60
of which extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Profit margin in percent

EBITDA	15.2%	13.8%	12.1%	13.5%	14.8%	15.1%	14.0%	15.3%	16.0%	16.8%	17.6%
EBITA	14.5%	13.4%	11.6%	13.1%	14.5%	10.8%	8.8%	10.0%	11.2%	12.1%	13.0%
EBIT	11.6%	10.2%	7.9%	7.9%	8.6%	9.7%	7.5%	8.8%	10.3%	11.1%	12.0%

Adjusted earnings

EBITDA (adj)	11	8	9	13	19	39	39	44	51	56	61
EBITA (adj)	10	8	8	13	19	28	26	29	36	41	45
EBIT (adj)	8	6	6	8	11	26	22	25	33	37	42
EPS (adj, EUR)	0.40	0.42	0.34	0.29	0.39	0.91	0.69	0.75	0.98	1.25	1.48

Adjusted profit margins in percent

EBITDA (adj)	18.0%	13.8%	12.1%	13.5%	14.8%	16.2%	15.1%	15.4%	16.0%	16.8%	17.6%
EBITA (adj)	17.3%	13.4%	11.6%	13.1%	14.5%	11.9%	9.9%	10.1%	11.2%	12.1%	13.0%
EBIT (adj)	14.4%	10.2%	7.9%	7.9%	8.6%	10.8%	8.6%	9.0%	10.3%	11.1%	12.0%

Performance metrics

CAGR last 5 years											
Net revenue	16.0%	14.3%	17.8%	18.7%	19.0%	32.2%	34.0%	31.4%	26.4%	21.0%	7.8%
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	32.1%	34.4%	37.9%	30.8%	24.1%	11.1%
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	27.5%	26.2%	34.5%	33.1%	27.4%	12.5%
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	28.6%	5.2%	16.5%	99.0%	26.4%	14.1%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	36.9%	11.6%	10.8%
Average last 5 years											
Average EBIT margin	n.a.	n.a.	n.a.	n.a.	9.0%	9.0%	8.4%	8.6%	9.1%	9.6%	10.1%
Average EBITDA margin	4.1%	7.0%	9.0%	11.4%	13.9%	14.3%	14.2%	14.7%	15.1%	15.6%	16.1%

VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
P/E (adj)	n.a.	n.a.	n.a.	28.0	37.9	29.0	14.8	18.1	12.8	10.0	8.4
EV/EBITDA (adj)	n.a.	n.a.	n.a.	10.2	15.3	16.4	8.5	9.2	7.5	6.6	5.8
EV/EBITA (adj)	n.a.	n.a.	n.a.	10.5	15.6	22.3	13.0	14.0	10.8	9.2	7.9
EV/EBIT (adj)	n.a.	n.a.	n.a.	17.3	26.3	24.6	14.9	15.8	11.7	10.0	8.5

VALUATION RATIOS - REPORTED EARNINGS

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
P/E	n.a.	n.a.	n.a.	n.m.	37.9	34.3	19.0	18.5	12.8	10.0	8.4
EV/Sales	n.a.	n.a.	n.a.	1.37	2.26	2.66	1.28	1.42	1.21	1.11	1.02
EV/EBITDA	n.a.	n.a.	n.a.	10.2	15.3	17.5	9.1	9.3	7.5	6.6	5.8
EV/EBITA	n.a.	n.a.	n.a.	10.5	15.6	24.5	14.6	14.1	10.8	9.2	7.9
EV/EBIT	n.a.	n.a.	n.a.	17.3	26.3	27.4	17.0	16.0	11.7	10.0	8.5
Dividend yield (ord.)	n.a.	n.a.	n.a.	1.2%	2.0%	1.4%	3.9%	3.3%	3.8%	4.2%	4.8%
FCF yield	n.a.	n.a.	n.a.	-61.8%	2.8%	-10.2%	6.6%	8.9%	9.0%	15.0%	17.4%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	1.4%	6.0%	0.5%	7.5%	5.3%	5.4%	9.3%	11.5%
Payout ratio	0.0%	0.0%	0.0%	33.9%	77.4%	39.7%	58.2%	58.9%	49.0%	41.6%	40.4%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Intangible assets	5	7	5	54	59	130	133	133	135	132	129
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	0	0	0	1	0	15	15	13	13	13	13
of which goodwill	5	7	5	54	58	114	118	120	122	119	115
Tangible assets	0	0	0	0	0	59	57	66	54	55	56
of which leased assets	0	0	0	0	0	54	52	61	48	48	48
Shares associates	0	0	0	0	0	0	0	0	0	0	0
Interest bearing assets	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	0	0	0	0	0	1	1	1	1	1	1
Other non-IB non-current assets	0	0	0	0	0	0	0	0	0	0	0
Other non-current assets	0	0	0	0	0	0	0	0	0	0	0
Total non-current assets	5	7	5	54	59	189	191	200	190	188	186
Inventory	26	27	29	43	44	73	68	74	82	86	89
Accounts receivable	5	8	8	12	13	34	33	41	46	49	50
Short-term leased assets	0	0	0	0	0	0	0	0	13	14	14
Other current assets	3	1	2	3	3	0	4	4	5	5	5
Cash and bank	1	2	2	30	35	12	14	10	10	13	21
Total current assets	35	37	42	88	95	119	119	129	156	166	179
Assets held for sale	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total assets	40	44	47	142	154	308	309	329	346	354	365
Shareholders equity	6	11	17	64	72	102	104	111	121	136	154
Of which preferred stocks	0	0	0	0	0	0	0	0	0	0	0
Of which equity part of hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Minority interest	3	3	1	0	0	0	0	0	0	0	0
Total Equity	9	14	17	64	72	102	104	111	121	136	154
Deferred tax	0	0	0	2	3	6	6	5	5	5	5
Long term interest bearing debt	15	11	14	59	58	91	96	89	89	79	69
Pension provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term liabilities	3	0	2	0	0	2	1	2	2	2	2
Non-current lease debt	0	0	0	0	0	44	42	49	50	50	50
Convertible debt	0	0	0	0	0	0	0	0	0	0	0
Shareholder debt	0	0	0	0	0	0	0	0	0	0	0
Hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Total non-current liabilities	18	12	16	62	61	143	144	145	146	136	126
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	3	4	4	7	9	46	35	47	52	55	57
Current lease debt	0	0	0	0	0	11	12	14	13	14	14
Other current liabilities	3	4	5	6	8	0	7	6	6	7	7
Short term interest bearing debt	8	12	6	5	5	6	7	7	7	7	7
Total current liabilities	14	19	15	18	21	63	61	73	79	82	85
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	40	45	48	143	155	308	309	329	346	354	365
Balance sheet and debt metrics											
Net debt	22	22	18	35	28	140	143	149	150	137	119
of which lease debt	0	0	0	0	0	55	53	63	63	64	64
Working capital	28	28	31	46	44	61	63	67	74	78	81
Invested capital	33	35	36	100	103	250	254	267	264	266	266
Capital employed	32	37	37	128	135	254	260	270	280	285	294
ROE	64.1%	44.7%	22.7%	1.0%	10.2%	16.5%	9.8%	12.8%	15.8%	18.3%	19.2%
ROIC	40.5%	14.2%	12.7%	9.1%	8.6%	11.5%	7.0%	7.7%	9.8%	11.1%	12.3%
ROCE	53.4%	17.9%	15.7%	9.6%	10.1%	13.8%	10.6%	10.1%	12.8%	14.0%	15.2%
Net debt/EBITDA	2.5	2.6	2.0	2.6	1.5	3.9	3.9	3.4	2.9	2.4	2.0
Interest coverage	9.3	7.1	6.0	1.5	4.6	4.2	2.2	3.0	3.3	4.6	5.7
Equity ratio	15.2%	23.8%	34.7%	44.5%	46.5%	33.1%	33.6%	33.6%	35.0%	38.4%	42.3%
Net gearing	244.3%	152.2%	102.0%	54.3%	39.1%	136.5%	137.4%	135.0%	123.7%	100.7%	77.2%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
EBITDA (adj) for associates	9	8	9	13	19	36	37	44	51	56	61
Paid taxes	0	0	-2	-2	-3	-5	-3	-4	-6	-8	-8
Net financials	0	0	-1	-6	-1	-3	-4	-7	-8	-6	-5
Change in provisions	0	0	0	0	0	0	0	0	0	0	0
Change in other LT non-IB	3	-3	2	-2	0	1	-1	1	0	0	0
Cash flow to/from associates	0	0	0	0	0	0	0	0	0	0	0
Dividends paid to minorities	0	0	0	0	0	0	0	0	0	0	0
Other adj to reconcile to cash flow	-11	-6	-2	1	0	-5	1	0	0	0	0
Funds from operations (FFO)	0	0	6	5	15	24	29	33	37	43	47
Change in NWC	0	0	-2	-3	1	-12	0	-2	-7	-4	-3
Cash flow from operations (CFO)	0	0	3	2	16	12	29	31	29	39	44
Capital expenditure	0	0	0	0	0	-2	-2	-4	-3	-4	-4
Free cash flow before A&D	0	0	3	1	16	9	27	27	26	35	41
Proceeds from sale of assets	0	0	0	1	1	0	0	0	0	0	0
Acquisitions	0	0	-1	-65	-9	-60	-15	-4	-5	0	0
Free cash flow	0	0	2	-63	7	-50	13	23	21	35	41
Free cash flow bef A&D, lease adj	0	0	3	1	16	2	14	13	13	22	27
Dividends paid	0	0	0	0	-2	-5	-6	-7	-8	-9	-9
Equity issues / buybacks	0	0	0	44	0	1	0	0	0	0	0
Net change in debt	0	0	0	42	-1	32	9	-8	0	-10	-10
Other financing adjustments	0	0	0	0	0	0	0	-13	-13	-13	-14
Other non-cash adjustments	1	1	-2	4	1	0	-14	1	0	0	0
Change in cash	1	1	1	27	5	-23	2	-4	0	3	8
Cash flow metrics											
Capex/D&A	0.0%	0.0%	6.9%	7.3%	2.5%	17.6%	10.2%	22.1%	18.4%	18.5%	19.2%
Capex/Sales	0.0%	0.0%	0.3%	0.4%	0.2%	1.0%	0.7%	1.4%	1.1%	1.1%	1.1%
Key information											
Share price year end (/current)	n.a.	n.a.	n.a.	8	15	26	10	14	13	13	13
Market cap.	n.a.	n.a.	n.a.	101	263	492	192	253	235	235	235
Enterprise value	n.a.	n.a.	n.a.	136	292	632	334	403	384	371	354
Diluted no. of shares, year-end (m)	9.1	9.1	9.1	12.3	17.9	18.7	18.8	18.8	18.8	18.8	18.8

Source: Company data and Nordea estimates

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Nordea Bank Abp	Nordea Bank Abp, filial i Sverige	Nordea Danmark, Filial af Nordea Bank Abp, Finland	Nordea Bank Abp, filial i Norge
Nordea IB & Equity Division, Equity Research Visiting address: Aleksis Kiven katu 7, Helsinki FI-00020 Nordea Finland Tel: +358 9 1651 Fax: +358 9 165 59710 Reg.no. 2858394-9 Satamaradankatu 5 Helsinki	Nordea IB & Equity Division, Equity Research Visiting address: Smålandsgatan 17 SE-105 71 Stockholm Sweden Tel: +46 8 614 7000 Fax: +46 8 534 911 60	Nordea IB & Equity Division, Equity Research Visiting address: Grønjørdsvej 10 DK-2300 Copenhagen S Denmark Tel: +45 3333 3333 Fax: +45 3333 1520	Nordea IB & Equity Division, Equity Research Visiting address: Essendropsgate 7 N-0107 Oslo Norway Tel: +47 2248 5000 Fax: +47 2256 8650